

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Telecom Management, Inc. d/b/a)	IC No. 06-S0223611
Pioneer Telephone)	
)	
Complaint Regarding)	
Unauthorized Change of)	
Subscriber's Telecommunications Carrier)	

ORDER

Adopted: February 27, 2007

Released: February 28, 2007

By the Deputy Chief, Consumer Policy Division, Consumer & Governmental Affairs Bureau:

1. In this Order, we consider the complaint¹ alleging that Telecom Management, Inc. d/b/a Pioneer Telephone (Pioneer) changed Complainant's telecommunications service provider without obtaining authorization and verification from Complainant in violation of the Commission's rules.² We conclude that Pioneer's actions did result in an unauthorized change in Complainant's telecommunications service provider and we grant Complainant's complaint.

2. In December 1998, the Commission released the *Section 258 Order* in which it adopted rules to implement Section 258 of the Communications Act of 1934 (Act), as amended by the Telecommunications Act of 1996 (1996 Act).³ Section 258 prohibits the practice of

¹ Informal Complaint No. IC 06-S0223611, filed February 28, 2006.

² See 47 C.F.R. §§ 64.1100 – 64.1190.

³ 47 U.S.C. § 258(a); Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996); *Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996; Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Second Report and Order and Further Notice of Proposed Rule Making, 14 FCC Rcd 1508 (1998) (*Section 258 Order*), *stayed in part*, *MCI WorldCom v. FCC*, No. 99-1125 (D.C. Cir. May 18, 1999); First Order on Reconsideration, 15 FCC Rcd 8158 (2000); *stay lifted*, *MCI WorldCom v. FCC*, No. 99-1125 (D.C. Cir. June 27, 2000); Third Report and Order and Second Order on Reconsideration, 15 FCC Rcd 15996 (2000), Errata, DA No. 00-2163 (rel. Sept. 25, 2000), Erratum, DA No. 00-2192 (rel. Oct. 4, 2000), Order, FCC 01-67 (rel. Feb. 22, 2001); Third Order on Reconsideration and Second Further Notice of Proposed Rule Making, 18 FCC Rcd 5099 (2003); Order, 18 FCC Rcd 10,997 (2003). Prior to the adoption of Section 258, the Commission had taken various steps to address the slamming problem. See, e.g., *Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Report and Order, 10 FCC Rcd 9560 (1995), *stayed in part*, 11 FCC Rcd 856 (1995); *Policies and Rules Concerning Changing Long* (continued....)

“slamming,” the submission or execution of an unauthorized change in a subscriber’s selection of a provider of telephone exchange service or telephone toll service.⁴ In the *Section 258 Order*, the Commission adopted aggressive new rules designed to take the profit out of slamming, broadened the scope of the slamming rules to encompass all carriers, and modified its existing requirements for the authorization and verification of preferred carrier changes. The rules require, among other things, that a carrier receive individual subscriber consent before a carrier change may occur.⁵ Pursuant to Section 258, carriers are absolutely barred from changing a customer's preferred local or long distance carrier without first complying with one of the Commission's verification procedures.⁶ Specifically, a carrier must: (1) obtain the subscriber's written or electronically signed authorization in a format that meets the requirements of Section 64.1130; (2) obtains confirmation from the subscriber via a toll-free number provided exclusively for the purpose of confirming orders electronically; or (3) utilize an independent third party to verify the subscriber's order.⁷

3. The Commission also has adopted liability rules. These rules require the carrier to absolve the subscriber where the subscriber has not paid his or her bill. In that context, if the subscriber has not already paid charges to the unauthorized carrier, the subscriber is absolved of liability for charges imposed by the unauthorized carrier for service provided during the first 30 days after the unauthorized change.⁸ Where the subscriber has paid charges to the unauthorized carrier, the Commission’s rules require that the unauthorized carrier pay 150% of those charges to the authorized carrier, and the authorized carrier shall refund or credit to the subscriber 50% of all charges paid by the subscriber to the unauthorized carrier.⁹ Carriers should note that our actions in this Order do not preclude the Commission from taking additional action, if warranted, pursuant to Section 503 of the Act.¹⁰

4. We received Complainant’s complaint on February 28, 2006, alleging that Complainant’s telecommunications service provider had been changed from Verizon to Pioneer without Complainant’s authorization. Our rules allow a telecommunications provider to acquire
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Distance Carriers, CC Docket No. 91-64, 7 FCC Rcd 1038 (1992), *reconsideration denied*, 8 FCC Rcd 3215 (1993); *Investigation of Access and Divestiture Related Tariffs*, CC Docket No. 83-1145, Phase I, 101 F.C.C.2d 911, 101 F.C.C.2d 935, *reconsideration denied*, 102 F.C.C.2d 503 (1985).

⁴ 47 U.S.C. § 258(a).

⁵ See 47 C.F.R. § 64.1120.

⁶ 47 U.S.C. § 258(a).

⁷ See 47 C.F.R. § 64.1120(c). Section 64.1130 details the requirements for letter of agency form and content for written or electronically signed authorizations. 47 C.F.R. § 64.1130.

⁸ See 47 C.F.R. §§ 64.1140, 64.1160. Any charges imposed by the unauthorized carrier on the subscriber for service provided after this 30-day period shall be paid by the subscriber to the authorized carrier at the rates the subscriber was paying to the authorized carrier at the time of the unauthorized change. *Id.*

⁹ See 47 C.F.R. §§ 64.1140, 64.1170.

¹⁰ See 47 U.S.C. § 503.

all or part of another carrier's subscriber base without obtaining each subscriber's authorization and verification provided that the acquiring carrier comply with our streamlined procedures.¹¹ To comply with these procedures, the acquiring carrier must file with the Commission's Office of the Secretary, no later than 30 days before the planned transfer, a letter notification in CC Docket 00-257 that meets the requirements listed in Section 64.1120 (e)(1) of our rules, including proper customer notice.¹² Pursuant to Sections 1.719 and 64.1150 of our rules,¹³ we notified Pioneer of the complaint and Pioneer responded on May 8, 2006.¹⁴ Pioneer's states it became the long distance service provider for Complainant on or about October 21, 2005, via purchasing the subscriber base of Adelphia Communications. According to Complainant's local exchange carrier, however, before this transfer, the Complainant switched to another carrier on September 24, 2005.¹⁵ Despite the fact the customer switched away to another carrier, the customer number was included by Pioneer in the subscriber base transfer. We find, therefore, that Pioneer actions resulted in an unauthorized change in Complainant's telecommunications service provider and we discuss Pioneer's liability below.¹⁶

5. Pursuant to Section 64.1170(b) our rules, Pioneer must forward to Verizon an amount equal to 150% of all charges paid by the subscriber to Pioneer.¹⁷ Therefore, Pioneer must forward to Verizon 150% of the amount, along with copies of any telephone bills issued from the company to the Complainant.¹⁸ Within ten days of receipt of this amount, Verizon shall provide a refund or credit to Complainant in the amount of 50% of all charges paid by Complainant to Pioneer. Complainant has the option of asking Verizon to re-rate Pioneer's charges based on Verizon's rates and, on behalf of Complainant, seek from Pioneer, any re-rated amount exceeding 50% of all charges paid by Complainant to Pioneer. Verizon must also send a notice to the Commission, referencing this Order, stating that is has given a refund or credit to Complainant.¹⁹ If Verizon has not received the reimbursement required from Pioneer within 45

¹¹ See 47 C.F.R. § 64.1120(e).

¹² See 47 C.F.R. § 64.1120(e)(1).

¹³ 47 C.F.R. § 1.719 (Commission procedure for informal complaints filed pursuant to Section 258 of the Act); 47 C.F.R. § 64.1150 (procedures for resolution of unauthorized changes in preferred carrier).

¹⁴ Informal Complaint No. IC 06-S0223611, filed February 28, 2006.

¹⁵ Verizon's Response to Informal Complaint No. IC 06-S0223611, received August 16, 2006.

¹⁶ If Complainant is unsatisfied with the resolution of this complaint, Complainant may file a formal complaint with the Commission pursuant to Section 1.721 of the Commission's rules, 47 C.F.R. § 1.721. Such filing will be deemed to relate back to the filing date of Complainant's informal complaint so long as the formal complaint is filed within 45 days from the date this order is mailed or delivered electronically to Complainant. See 47 C.F.R. § 1.719.

¹⁷ 47 C.F.R. § 64.1170(b).

¹⁸ *Id.*

¹⁹ See 47 C.F.R. § 64.1170(c).

days of the release of this Order, Verizon must notify the Commission and Complainant accordingly. Verizon also must notify the Complainant of his or her right to pursue a claim against Pioneer for a refund of all charges paid to Pioneer.²⁰

6. Accordingly, IT IS ORDERED that, pursuant to Section 258 of the Communications Act of 1934, as amended, 47 U.S.C. § 258, and Sections 0.141, 0.361 and 1.719 of the Commission's rules, 47 C.F.R. §§ 0.141, 0.361, 1.719, the complaint filed by Complainant against Telecom Management, Inc. d/b/a Pioneer Telephone. IS GRANTED.

7. IT IS FURTHER ORDERED that, pursuant to Section 64.1170(d) of the Commission's rules, 47 C.F.R. § 64.1170(d), Complainant is entitled to absolution for the charges incurred during the first thirty days after the unauthorized change occurred and Verizon nor Telecom Management, Inc. d/b/a Pioneer Telephone may pursue any collection against Complainant for those charges.

8. IT IS FURTHER ORDERED that this Order is effective upon release.

FEDERAL COMMUNICATIONS COMMISSION

Nancy A. Stevenson, Deputy Chief
Consumer Policy Division
Consumer & Governmental Affairs Bureau

²⁰

See 47 C.F.R. § 64.1170(e).